

Message Text

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51

ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-05 NSAE-00 RSC-01 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 FEAE-00 INT-05 AGR-05

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R 131410Z DEC 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 5688

INFO AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

LIMITED OFFICIAL USE NEW DELHI 16624

E.O. 11652: N/A

TAGS: EFIN, IN

SUBJECT: SUA, INC. INTEREST IN INDIA

REF: STATE 272557

1. AS THE DEPARTMENT IS AWARE FROM OUR TELEGRAM
DELHI 11570, AUGUST 30, 1974, WE HAVE MAJOR RESERVATIONS
REGARDING WALTER JACOB'S PLANS AND PROJECTS. ACCORDING
TO DUN & BRADSTREET HIS COMPANY (SPACE UTILIZATION ANALYSIS,
SUA, INC.) HAS A CAPITALIZATION OF \$10,000 AND ANNUAL
SALES OF \$1,200,000 (PLEASE REFER TO YOUR TRANSMITTAL
SLIP, SEPTEMBER 19, 1974 SENT TO DUNCAN-PETERS BY
JAMES NACH).

2. WITH THESE KNOWN LIMITED RESOURCES HE HAS PROPOSED
WHAT CAN ONLY BE DESCRIBED AS GRANDIOSE PLANS. HE
ORIGINALLY DISCUSSED A \$1 BILLION PROJECT, TO BE FINANCED
FROM UNSPECIFIED ARAB OIL PRODUCING STATES.
IN A SEPTEMBER 23, 1974 LETTER HE ADDRESSED TO AMBASSADOR
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MOYNIHAN HE REDUCED HIS PROJECTS TO A MORE MODEST FIGURE

OF ONLY \$800 MILLION.

3. IT MAY BE THAT HIS PROPOSED COAL LIQUIFICATION PLANT, TO BE BASED UPON A "COED PROCESS DEVELOPED BY FMC CORP., OF NEW JERSEY ON A GRANT FROM THE US OFFICE OF COAL RESEARCH" IS FEASIBLE BUT BEFORE WE ASSUME THE RESPONSIBILITY OF INTRODUCING HIM TO GOI OFFICIALS IT WOULD BE PRUDENT TO ASCERTAIN FROM SOME SOURCE, OTHER THAN JACOBS HIMSELF, WHETHER THE FMC CORPORATION OR THE US OFFICE OF COAL RESEARCH ACTUALLY SHARE HIS VIEWS THAT THE "COED PROCESS" IS ECONOMICALLY OR TECHNICALLY FEASIBLE.

4. THE EMBASSY HAS ACHIEVED EXCELLENT RAPPORT WITH GOI MINISTRIES AND AGENCIES DEALING WITH COAL AND RELATED INDUSTRIES. THE US MINING AND MINE PLANT PROCESSING EQUIPMENT TRADE MISSION, NOW COMPLETING A VERY PROMISING TWO-WEEK VISIT IN INDIA HAS ALSO BEEN ACCORDED EVERY COURTESY AND FULL COOPERATION BY THE GOI. WE ARE THEREFORE ESPECIALLY RELUCTANT TO JEOPARDIZE THE PROGRESS MADE IN ESTABLISHING CORDIAL RELATIONS AND MUTUAL TRUST BY INTRODUCING AN UNKNOWN QUANTITY, I.E., SUA INC., TO THESE OFFICIALS.

5. WE ARE ALSO DISBURBED BY JACOBS' SUGGESTION REGARDING THE CREATION OF A FREE TRADE ZONE IN OR NEAR CALCUTTA TO ACCOMMODATE HIS PROJECT. WE HOPE THE EMBASSY WILL NOT BE ASKED TO SUPPORT ANY SUCH UNSOLICITED RECOMMENDATION TO THE GOI.

6. IN VIEW OF OUR UNEASINESS AND RESERVATIONS WE ASK THAT YOU CHECK WITH THE EXPORT-IMPORT BANK AND ASCERTAIN WHAT THEIR REACTION WAS TO HIS PROPOSALS. WE ALSO REQUEST THAT YOU QUERY THE US OFFICE OF COAL RESEARCH REGARDING THE "COED PROCESS".

7. WE WILL OF COURSE DO OUR VERY BEST TO HANDLE JACOBS WITH TACK AND DISCRETION BUT MUST WARN THAT HE HAS ALREADY COMPLAINED ABOUT OUR SKEPTICAL REACTION TO HIS INITIAL PROPOSAL.

SCHNEIDER

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Message Attributes

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